

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-09 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

/105 W

-----010331Z 082526 /73

R 310408Z MAR 77

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 2957

INFO AMCONSUL AUCKLAND

USDEL MTNGENEVA

USMISSION OECD PARIS

UNCLAS WELLINGTON 1171

E.O. 11652: N/A

TAGS: BEXP, NZ

SUBJECT: GNZ 1977/78 IMPORT LICENSING SCHEDULE

REF: 76 WELLINGTON 1260

1. SUMMARY: GNZ WILL ANNOUNCE MARCH 31 THE IMPORT LICENSING SCHEDULE FOR JULY 1, 1977 THROUGH JUNE 30, 1978. NEW SCHEDULE REPRESENTS, IN THE MAIN, A CONTINUATION OF THE VALUE OF IMPORTS FROM THE 1976/77 SCHEDULE, OR, IN EFFECT, A DIMINUTION IN THE VOLUME OF IMPORTS EQUIVALENT TO THE PRICE INFLATION FOR EACH LICENSED PRODUCT. END SUMMARY.

2. APPROXIMATELY 25 PERCENT OF NEW ZEALAND'S IMPORTS BY VALUE ARE SUBJECT TO IMPORT LICENSING CONTROL. THOSE ITEMS WHICH ARE SUBJECT TO LICENSING FALL INTO ONE OF TWO CATEGORIES -- BASIC (IN WHICH CASE LICENSES ARE ISSUED FOR SPECIFIC AMOUNTS, GENERALLY DENOMINATED IN NEW ZEALAND DOLLARS, TO KNOWN IMPORTERS)

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OR "C" CATEGORY (ITEMS FOR WHICH APPLICATIONS TO IMPORT WILL BE CONSIDERED INDIVIDUALLY). CATEGORY "E" ITEMS -- REPRESENTING ABOUT 75 PERCENT OF TOTAL IMPORTS BY VALUE -- ARE EXEMPT FROM LICENSING.

3. IN DETERMINING THE CONFIGURATION OF THE 1977/78 SCHEDULE, THE GNZ HAS TAKEN INTO ACCOUNT THE COUNTRY'S

CONTINUING BALANCE OF PAYMENTS PROBLEMS AND RESULTANT DESIREABILITY OF RESTRAINING IMPORTS, THE NEED TO MAINTAIN DOMESTIC PRODUCTION AND EMPLOYMENT, AND THE URGENCY OF INCREASING EXPORT EARNINGS. THE EMPHASIS ON GROWTH OF EXPORT EARNINGS REFLECTS THE GOVERNMENT'S CONVICTION THAT RESTRUCTURING OF LOCAL INDUSTRIES AWAY FROM PRODUCTION FOR DOMESTIC CONSUMPTION AND TOWARD THE NEEDS OF OVERSEAS MARKETS SHOULD REMAIN A PRIORITY POLICY OBJECTIVE. WHILE EXPORT RECEIPTS ARE GROWING HANDSOMELY, EXPENDITURES FOR IMPORTS ARE ALSO RISING AT AN ANNUAL RATE APPROACHING 20 PERCENT. MOST OF THE LATTER INCREASE IS THE CONSEQUENCE OF IMPORT PRICE RISES; VOLUME GROWTH OF IMPORTS HAS BEEN MODEST. HOWEVER, THE CURRENT ACCOUNT DEFICIT - WHILE DECLINING - IS STILL WORRISOME; THE GNZ ESTIMATES THE DIFICIT FOR THE YEAR ENDED JUNE 30, 1977 AT SOME DOLS 500 MILLION. GNZ ANTICIPATES THAT FOR THE JUNE 30, 1978 YEAR THE DEFICIT WILL REMAIN IN THE ORDER OF DOLS 500 MILLION.

4. WHILE A FURTHER EXTENSION OF IMPORT LICENSING IN THE COMING YEAR WOULD HOLD DOWN IMPORT EXPENDITURE IN THE SHORT-RUN, THE GNZ NONETHELESS RECOGNIZES A NEED TO AVOID DISLOCATION IN THE PRIVATE SECTOR, ESPECIALLY AS A MAJOR PART OF THE EXEMPTED IMPORTS ARE FOR THE PRODUCTION OF GOODS AND SERVICES. PROSPECTS FOR INCREASED EXPORT EARNINGS IN 1977/78 ARE CONSIDERED GOOD; IMPORT PRICES ARE EXPECTED TO RISE 10 TO 12 PERCENT.
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5. TAKING THESE VARIOUS FACTORS INTO CONSIDERATION, THE GOVERNMENT HAS DECIDED TO LEAVE MOST ALLOCATIONS FOR 1977/78 AT 100 PERCENT OF THE 1976/77 RATE. THIS MEANS THAT VOLUME WILL FALL TO THE EXTENT THAT PRICES RISE. THE ADVANCE TEXT OF FORMAL ANNOUNCEMENT OF THE NEW SCHEDULE STATES, HOWEVER, "THE REASONABLE NEEDS OF INDUSTRY FOR RAW MATERIALS AND COMPONENTS WILL BE MET ALTHOUGH A CAREFUL SCRUTINY WILL BE MAINTAINED TO ENSURE THAT NEW ZEALAND'S RESOURCES ARE USED WHEREVER POSSIBLE AND THAT STOCKS ARE NOT UNNECESSARILY INCREASED."

6. THAT STATEMENT ALSO SPECIFIES THAT CONSUMER GOODS WILL NOT QUALIFY DURING 1977/78 FOR ALLOCATIONS OF THE BASIC AMOUNTS (A POSSIBILITY WHICH IS HELD OPEN FOR EXCEPTIONALLY MERITORIOUS IMPORT NEEDS) AND IMPORTATION OF GOODS FOR WHICH THEE

IS A REASONABLE DOMESTIC ALTERNATIVE WILL NOT
BE APPROVED.

7. THERE HAVE BEEN A FEW INSTANCES OF RECLASSIFICATION
OF GOODS WITHIN THE SCHEDULE ITSELF, BOTH IN
TERMS OF REGROUPING OR SEPARATING OUT INDIVIDUAL
COMMODITIES, AND IN TERMS OF A FEW SHIFTS FROM
BASIC TO "C" OR VICE VERSA. A VERY CURSORY EXAM-
INATION OF THE NEW SCHEDULE DOES NOT REVEAL ANY
CHANGES WHICH ARE EXPECTED TO HAVE ESPECIALLY
PRONOUNCED EFFECTS ON U.S. SALES, APART FROM
THE GENERAL DROP IN VOLUME WHICH OVERALL NEW
ZEALAND IMPORTS OF LICENSED COMMODITIES CAN BE
EXPECTED TO EXPERIENCE. COPIES OF THE 1977/78
SCHEDULE AND ACCOMPANYING BACKGROUND DOCUMENT
WILL BE SENT TO ADDRESSES UNDER COVER OF AN
AIRGRAM REFERENCING THIS MESSAGE.
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Message Attributes

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